

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW MEXICO

FILED
UNITED STATES DISTRICT COURT
ALBUQUERQUE, NEW MEXICO

OCT 25 2017 W

MATTHEW J. DYKMAN
CLERK

UNITED STATES OF AMERICA,

Plaintiff,

vs.

DAVID SCOTT GLASRU,

Defendant.

Cr. No. 17-2966 MCA

PLEA AGREEMENT

Pursuant to Rule 11(c)(1)(C), Fed. R. Crim. P., the parties notify the Court of the following agreement between the United States Attorney for the District of New Mexico, the Defendant, **DAVID SCOTT GLASRU**, and the Defendant's counsel, Ray Twohig and Peter Schoenburg:

REPRESENTATION BY COUNSEL

1. The Defendant understands the Defendant's right to be represented by an attorney and is so represented. The Defendant has thoroughly reviewed all aspects of this case with the Defendant's attorneys and is fully satisfied with his attorneys' legal representation.

RIGHTS OF THE DEFENDANT

2. The Defendant further understands the Defendant's rights:
- a. to be prosecuted by indictment;
 - b. to plead not guilty, or having already so pleaded, to persist in that plea;
 - c. to have a trial by jury; and
 - d. at a trial:

- 1) to confront and cross-examine adverse witnesses,
- 2) to be protected from compelled self-incrimination,
- 3) to testify and present evidence on the Defendant's own behalf, and
- 4) to compel the attendance of witnesses for the defense.

WAIVER OF RIGHTS AND PLEA OF GUILTY

3. The Defendant agrees to waive these rights and to plead guilty to a nine-count information charging: (1) 18 U.S.C. § 666: Theft Concerning Programs Receiving Federal Funds (Counts 1 and 4); (2) 18 U.S.C. §§ 1343, 1349: Wire Fraud and Attempted Wire Fraud (Count 2); (3) 18 U.S.C. § 1341: Mail Fraud (Counts 3 and 5); (4) 18 U.S.C. § 1343: Wire Fraud (Counts 6-7); and (5) 18 U.S.C. § 1001: False Statement (Counts 8-9).

SENTENCING

4. The Defendant understands that the maximum penalty provided by law for these offenses are:

Counts 1 and 4:

- a. imprisonment for a period of not more than 10 years;
- b. a fine not to exceed the greater of \$250,000 or twice the pecuniary gain to the Defendant or pecuniary loss to the victim;
- c. a term of supervised release of not more than 3 years to follow any term of imprisonment. (If the Defendant serves a term of imprisonment, is then released on supervised release, and violates the conditions of supervised release, the Defendant's supervised release could be revoked — even on

the last day of the term — and the Defendant could then be returned to another period of incarceration and a new term of supervised release.);

- d. a mandatory special penalty assessment of \$100.00; and
- e. restitution as may be ordered by the Court.

Counts 2, 3, 5-7:

- a. imprisonment for a period of not more than 20 years;
- b. a fine not to exceed the greater of \$250,000 or twice the pecuniary gain to the Defendant or pecuniary loss to the victim;
- c. a term of supervised release of not more than 3 years to follow any term of imprisonment. (If the Defendant serves a term of imprisonment, is then released on supervised release, and violates the conditions of supervised release, the Defendant's supervised release could be revoked — even on the last day of the term — and the Defendant could then be returned to another period of incarceration and a new term of supervised release.);
- d. a mandatory special penalty assessment of \$100.00; and
- e. restitution as may be ordered by the Court.

Counts 8-9:

- a. imprisonment for a period of not more than 5 years;
- b. a fine not to exceed the greater of \$250,000 or twice the pecuniary gain to the Defendant or pecuniary loss to the victim;
- c. a term of supervised release of not more than 3 years to follow any term of imprisonment. (If the Defendant serves a term of imprisonment, is then

released on supervised release, and violates the conditions of supervised release, the Defendant's supervised release could be revoked — even on the last day of the term — and the Defendant could then be returned to another period of incarceration and a new term of supervised release.);

- d. a mandatory special penalty assessment of \$100.00; and
- e. restitution as may be ordered by the Court.

5. The parties recognize that the federal sentencing guidelines are advisory, and that the Court is required to consider them in determining the sentence it imposes.

6. The parties are aware that the Court will decide whether to accept or reject this plea agreement. The Court may defer its decision as to acceptance or rejection until there has been an opportunity to consider the presentence report. Pursuant to Federal Rule of Criminal Procedure 11(c)(5), if the Court rejects this plea agreement, the defendant shall have the right to withdraw the defendant's plea of guilty.

7. Regardless of any other provision in this agreement, the United States reserves the right to provide to the United States Pretrial Services and Probation Office and to the Court any information the United States believes may be helpful to the Court, including but not limited to information about the recommendations contained in this agreement and any relevant conduct under U.S.S.G. § 1B1.3.

ELEMENTS OF THE OFFENSE

8. If this matter proceeded to trial, the Defendant understands that the United States would be required to prove, beyond a reasonable doubt, the following elements for violations of the charges listed below:

Counts 1 and 4: 18 U.S.C. § 666: Theft Concerning Programs Receiving Federal Funds

First: The defendant was an agent of an organization, or of a State or local government, or any agency thereof;

Second: In any one-year period, the organization, government, or agency received federal benefits in excess of \$10,000;

Third: The defendant embezzled, stole, obtained by fraud, knowingly converted without authority, or intentionally misapplied property;

Fourth: The property was valued at \$5,000 or more;

Fifth: The property was owned by, or under the care, custody, or control of, the organization, government, or agency.

Counts 2, 3, 5-7: 18 U.S.C. §§ 1341, 1343: Mail / Wire Fraud

First: The defendant devised or intended to devise a scheme to defraud;

Second: The defendant acted with specific intent to defraud;

Third:

[Mail Fraud] The defendant mailed something, or caused another person to mail something, through the United States Postal Service or a private or commercial interstate carrier for the purpose of carrying out the scheme;

[Wire Fraud] The defendant used interstate or foreign wire communications facilities, or caused another person to use interstate or foreign wire communications facilities, for the purpose of carrying out the scheme; and

Fourth: The scheme employed false or fraudulent pretenses, representations, promises, or omissions that were material.

Count 2: 18 U.S.C. § 1349: Attempted Wire Fraud

First: The defendant intended to commit the crime of wire fraud;

Second: The defendant took a substantial step towards commission of that crime.

Counts 8-9: 18 U.S.C. § 1001: False Statement

First: The defendant made a false, fictitious, or fraudulent statement or representation to the government, specifically the FBI;

Second: The defendant made the statement knowing it was false;

Third: The defendant made the statement willfully;

Fourth: The statement was made in a matter within the jurisdiction of the executive branch of the United States; and

Fifth: The statement was material to the FBI.

DEFENDANT'S ADMISSION OF FACTS

9. By my signature on this plea agreement, I am acknowledging that I am pleading guilty because I am, in fact, guilty of the offenses to which I am pleading guilty. I recognize and accept responsibility for my criminal conduct. Moreover, in pleading guilty, I acknowledge that if I chose to go to trial instead of entering this plea, the United States could prove facts sufficient to establish my guilt of the offenses to which I am pleading guilty beyond a reasonable doubt, including any facts alleged in the information that increase the statutory minimum or maximum penalties. I specifically admit the following facts related to the charges against me, and declare under penalty of perjury that all of these facts are true and correct:

a. By way of background, in December 1999, I, David Scott Glasrud, participated in the formation of the public charter school Southwest Secondary Learning Center ("SSLC"). Later, I formed additional public charter schools, Southwest Primary Learning Center ("SPLC"), Southwest Intermediate Learning Center ("SILC"), and Southwest Aeronautics, Mathematics & Science Academy ("SAMS"). SSLC, SPLC, SILC, and SAMS collectively became known as the Southwest Learning Center (SLC) Schools. The charter

schools operated with public funds, including federal funds. I served as the Head Administrator for, and exercised financial oversight over, all the SLC schools. In these roles, I had a duty to faithfully comply with all applicable state and federal statutes, regulations, rules, and charter provisions, to include those relating to avoiding all apparent and actual conflicts of interest. Further, as Head Administrator and a paid public employee of the SLC schools, I had a standing duty to use my best efforts on behalf of the SLC schools in all matters of trust and confidence, and not to act for my own benefit at the expense of the SLC schools.

b. As part of each of the SLC school charters, the schools agreed and were required “to avoid apparent and actual conflicts of interest when administering grants and entering into contracts[.]” They further agreed and were required to “comply with conflict of interest provisions and procurement procedures identified in the New Mexico Procurement Code, Section 13-1-128 et seq., NMSA 1978 and the Prohibited Sales Act, Section 22-21-1 et seq., NMSA 1978; and the federal regulations at 34 CFR 75.525 and 34 CFR 80.36.” For example, under the New Mexico Prohibited Sales by Personnel Act:

[A] school employee shall not, directly or indirectly, sell or be a party to any transaction to sell any instructional material, furniture, equipment, insurance, school supplies or work under contract to the department, school district or public school with which such person is associated or employed. No such person shall receive any commission or profit from the sale or any transaction to sell any instructional material, furniture, equipment, insurance, school supplies or work under contract to the department, school district or public school with which the person is associated or employed.

NMSA § 22-21-1.A.

c. In addition to the anti-conflict provisions contained in the school charters, in order to obtain State of New Mexico capital outlay project funding, the schools executed agreements containing anti-conflict provisions, including agreements to “abide by New Mexico

laws regarding Conflict of Interest and Governmental Conduct[.]” The New Mexico Governmental Conduct Act provides that a “public ... employee shall treat the ... employee’s government position as a public trust. The ... employee shall use the powers and resources of public office only to advance the public interest and not to obtain personal benefits or pursue private interests.” NMSA § 10-16-3.

d. By no later than November 2000, I was doing business under the name “Southwest Educational Consultants.” I formally incorporated “Southwest Educational Consultants” as Southwest Educational Consultants, Inc. (SEC) on or about March 20, 2002. During the life of SEC, I acted as registered agent, director, and President. I paid for personal expenses out of SEC’s bank account.

e. With respect to Count 1, beginning in or about November 2000, and continuing through in our about August 2014, I devised and executed a scheme to defraud involving the leasing of property located at 9904 Montgomery Boulevard NE, Albuquerque, New Mexico (“9904 Montgomery building”). In executing the scheme and artifice, I misrepresented, concealed, and omitted material facts, and breached duties that I owed to the schools as an administrator and employee.

f. In or about November 2000, while doing business as SEC, I entered into a lease agreement with the owner of the 9904 Montgomery building to lease the entire building (“SEC Lease”). On December 1, 2000, just days after I had entered into the SEC Lease, while still doing business as SEC, I entered into an agreement to sublease the entire 9904 Montgomery building to SSLC (“SSLC Lease”). As part of the scheme, I caused SSLC to be charged approximately twice the amount in rent that SEC was paying under the SEC Lease, without

disclosing this substantial profit, a material fact, to SSLC.

g. As a further part of the scheme, by no later than 2007, I had arranged for SEC to sublease the majority of the square footage at the 9904 Montgomery building to another tenant, with whom I had a close familial relationship. Thus, during my fraud scheme, SSLC not only paid more than double the amount of rent that SEC paid to lease the entire building, but also occupied less than half the building it had paid a premium to rent. During the course of the sublease, I caused SSLC to pay SEC anywhere from approximately four to five times as much as the other tenant for use of less than half of the building they were sharing.

h. In response to concerns raised by the New Mexico Public Education Department (PED) about the SSLC Lease, in my role as Head Administrator for SSLC and the other charter schools, I caused a school representative to misrepresent to PED and the school board the amount of profit that SEC was making off of the sublease. Specifically, I caused the representative to falsely state: (1) that SEC “acts merely as a pass through entity, i.e. as ‘guaranty,’ and makes no profit from its position on the [SSLC Lease]” and (2) “that although there may be an appearance of a conflict ... there is no financial profit by SEC ... this lease is in the best interest of the school.”

i. Over the course of my fraud scheme, I made material misrepresentations and omissions, including by falsely representing the actual amount of money that SEC was making and by failing to fully disclose the extent to which I was personally profiting from the lease that SEC had with SSLC. Over the life of the SSLC Lease, I caused SSLC to pay SEC over \$700,000 in excess of what SEC paid under the SEC Lease. Had I ever made truthful and full disclosures about the arrangements I had secretly made to reap such large profits for myself from SSLC’s rent

payments for the property at the 9904 Montgomery, such payments would not have been authorized.

j. Between on or about July 1, 2013, and on or about June 30, 2014, both dates being inclusive, in Bernalillo County, in the District of New Mexico, I, being an agent of SSLC, which received in the one year period beginning July 1, 2013, benefits in excess of \$10,000 under a Federal program involving a grant and other form of federal assistance, namely U.S. Department of Education Grant Funds, embezzled, stole, obtained by fraud, without authority knowingly converted to the use of a person not the rightful owner, and intentionally misapplied property worth at least \$5,000 that was owned by, and under the care, custody, and control of SSLC. By engaging in this conduct, I admit that I violated 18 U.S.C. § 666(a)(1)(A).

k. With respect to Count 2, beginning in or about February 2004, and continuing through in or about February 2014, in Bernalillo County, in the District of New Mexico and elsewhere, I knowingly and intentionally devised a scheme and artifice to defraud the SLC schools related to SLC school contracts with an entity I called "Media Learning Solutions" ("MLS"). In executing the scheme and artifice, I misrepresented, concealed, and omitted material facts, and breached duties that I owed to the schools as an administrator and employee. For purposes of executing and attempting to execute the scheme and artifice, I knowingly transmitted and caused to be transmitted, by means of wire, radio, and television communications in interstate commerce, writings, signs, signals, and sounds.

l. On or about February 18, 2004, I filed two documents with the County Clerk in Las Vegas, Nevada, in which I certified that SEC and I, in my individual capacity, were both conducting business in Las Vegas, Nevada, under the "Fictitious Firm Name" of "Media

Learning Solutions.” Further, I, on behalf of MLS, entered into a mailbox service agreement with a Mail Boxes Etc. store located at 1350 East Flamingo Rd., Suite 13B in Las Vegas, Nevada to rent mailbox number 3204 at that address.

m. In my role as chief financial officer and later as Head Administrator of the SLC schools, I would cause the schools to enter into agreements, subject to anti-conflict provisions, with the State of New Mexico to obtain capital outlay funding for specific projects. For several of these projects, I represented to the SLC school and the State of New Mexico that MLS would be a vendor providing items related to the specific project. I later generated and submitted bogus MLS proposals and invoices to the school for the items that MLS purportedly would provide. In some proposals, I falsely claimed that MLS had a “support team” and a “head office” located in Las Vegas, Nevada. In fact, MLS did not have any employees, nor did it have a head office. Nonetheless, the MLS invoices listed the MLS address as 1350 East Flamingo Rd. Suite 13B, Box 3204, Las Vegas, Nevada, without revealing this to merely be a mailbox I had rented.

n. As part of the scheme, I caused the SLC schools to pay capital outlay money to MLS based on the fraudulent proposals and invoices. Most of the capital outlay money that MLS received from the SLC schools was not spent on items associated with the approved project, or to benefit the schools. Rather, I arranged for the money that the State had allocated for the schools’ benefit to be deposited into the Media Learning Solutions bank account and used for my personal benefit.

o. The contracts, invoices, and purchase orders associated with the alleged goods and services the SLC schools purchased from MLS did not mention MLS’s association

with me. It was therefore not apparent from the documents that I provided that any money from the schools would be funneled directly to me from MLS. Further, I affirmatively misled two of the SLC school boards by pretending that I only had limited, indirect knowledge about MLS and omitting that I had actually formed and controlled MLS. In addition, during annual, state-mandated, audits of the SLC schools, when I was required to disclose all potential conflicts of interest I had in my positions at the schools, I never disclosed my association with MLS or that MLS was registered in Nevada as a Fictitious Firm Name of SEC.

p. In 2009 and 2010 alone, I caused SSLC to pay MLS approximately \$265,000 for items that I certified that MLS would provide to SSLC for specific capital outlay projects. Of that money, approximately \$199,000 was used to pay down the balance on my personal line of credit, \$50,000 was transferred to my personal bank account, \$12,000 was used for personal items, and \$4,000 was used at casinos in Las Vegas, Nevada.

q. On August 7, 2012, I, as Head Administrator of SILC, signed a State capital outlay agreement with PED related to project 12-1289, which contained a standard anti-conflict clause.

r. On or about January 31, 2014, an SLC school computer was used to create a Google email account ("Gmail") identified as medialearningnv@gmail.com. The subscriber name associated with the email account was false. In furtherance of the scheme to defraud, on or about January 31, 2014, I caused two requests for proposals (RFPs) to be emailed from the schools to "medialearningnv@gmail.com."

s. One of the RFP's mentioned in the January 31, 2014 emails related to capital outlay project 12-1289. In furtherance of the scheme to defraud, again without

disclosing my association with MLS, I caused MLS to submit to SILC a proposal for MLS to be awarded over \$50,000 related to project 12-1289. I created this MLS proposal using my SLC-owned computer, copying parts of a proposal submitted by another vendor on the same project.

t. On February 27, 2014, I signed a "Request to Obligate Funds Form" asking PED for \$180,000 related to project 12-1289. In the request, I indicated that MLS would be receiving \$50,895.00 in association with the project. To ensure that MLS would receive regulated State funds, I did not disclose my association with MLS. Had I disclosed my association, the schools and the State would have been alerted to my disqualifying conflict of interest resulting from the applicable anti-conflict provisions in State law, the school's charter, and the PED capital outlay agreement.

u. In approximately February 2014, State auditors commenced an audit of the SLC schools. Shortly thereafter, in order to avoid scrutiny of MLS, I abandoned my efforts for MLS to be awarded funding from the State related to capital outlay project 12-1289.

v. For the purpose of executing, and attempting to execute, the scheme and artifice, on or about January 31, 2014, I caused to be transmitted by means of wire, radio, and television communications in interstate commerce certain writings, signs, signals, and sounds, namely an email from an SLC computer located in New Mexico to medialearningnv@gmail.com (Gmail server in California). By engaging in this conduct, I admit that I violated 18 U.S.C. §§ 1343 and 1349.

w. With respect to Count 3, beginning on or about November 1, 2013, and continuing through on or about July 1, 2014, in Bernalillo County, in the District of New Mexico and elsewhere, I knowingly and intentionally devised a scheme and artifice to defraud the SLC

schools related to SLC school contracts with a consulting company (referred to herein as “FCL”). In executing the scheme and artifice, I misrepresented, concealed, and omitted material facts, and breached duties that I owed to the schools as an administrator and employee. For purposes of executing the scheme and artifice, I knowingly caused to be delivered by mail, according to the direction thereon, a matter and thing.

x. CAAPS Investments, LLC (“CAAPS”), was a limited liability company organized by the Glasrud Family Revocable Trust. According to its operating agreement, the only business purpose of CAAPS was “to invest in assets on behalf of the Glasrud Family Revocable Trust.”

y. As part of the scheme and artifice, I caused each of the SLC schools to enter into separate agreements with FCL (the “FCL Contracts”). I signed these contracts on behalf of each of the respective schools on or about November 1, 2013. FCL was a company located outside of New Mexico. Under these contracts, each school agreed to pay FCL \$14,800, to perform consulting work related to the schools’ operational procedures, policies, and manuals.

z. Before I caused FCL to be awarded the FCL Contracts, I told FCL that it would have to subcontract support services under the FCL Contracts to SEC and CAAPS in order to be awarded the FCL Contracts. I never reduced to writing my arrangement for FCL to send to SEC and CAAPS money received from the SLC schools pursuant to the FCL Contracts.

aa. In furtherance of the scheme and artifice, I caused the schools to issue and mail checks to FCL in equal amounts for a combined total of \$59,200. FCL sent approximately 67% of the monies it received from the schools to SEC and CAAPS, with SEC receiving approximately \$14,799 and CAAPS receiving approximately \$24,665. SEC and CAAPS never

did any actual work for the schools under the FCL Contracts in exchange for the schools' money that they received through FCL.

bb. By making no mention of SEC and CAAPS in the FCL Contracts, it was not apparent from the contractual paperwork that any money from the schools would be funneled directly to SEC and CAAPS from FCL. Had I made full, fair, and prompt disclosures that approximately 67% of the FCL Contract money was being diverted to companies associated with me, for no apparent work, the FCL Contracts would not have been permitted. Furthermore, had I disclosed my association with the FCL Contracts, the contracts would have been barred due to the applicable anti-conflict provisions in State law and the schools' charters.

cc. For the purpose of executing the scheme and artifice, on or about February 8, 2014, I knowingly caused to be delivered by mail, according to the direction thereon, a matter and thing, namely an envelope from the SLC schools, in New Mexico, to FCL, outside of New Mexico, containing SLC schools' checks related to the FCL Contracts. By engaging in this conduct, I admit that I violated 18 U.S.C. § 1341.

dd. With respect to Count 4, beginning in or before December 2002, and continuing through in our about August 2014, I devised and executed a scheme to defraud involving an SSLC program known as the Extended Learning Program (ELP). In executing the scheme and artifice, I misrepresented, concealed, and omitted material facts, and breached duties that I owed to the schools as an administrator and employee.

ee. SSLC's ELP offered students the opportunity to earn additional school credits, using online, computer-based courses. Students paid to take the ELP because the students received official school credit from SSLC. SSLC paid for infrastructure and

personnel support for the ELP and paid a vendor for the proprietary online curriculum used by the ELP.

ff. As part of the scheme, I caused nearly all of the payments for the SSLC ELP to be diverted into an SEC bank account that I controlled. Initially, I did this by using a shell entity that I called "Platinum Learning." Nearly all the ELP money directed to "Platinum Learning" was ultimately deposited into an SEC bank account that I controlled. "Platinum Learning" as a dba of SEC had no employees, did not develop or own any proprietary online curriculum, and had no ability to grant any official school credit. Later, I used other methods to divert ELP money to SEC.

gg. From in or about 2007 to in or about 2014, I caused over \$1 million in payments for ELP courses that should have gone to SSLC to instead be deposited into an SEC bank account. Had I made full, fair, and prompt disclosures about the arrangements I had made to divert the monies from the ELP directly to "Platinum Learning" and SEC, these arrangements would not have been authorized.

hh. Between on or about January 1, 2014, and on or about August 15, 2014, both dates being inclusive, in Bernalillo County, in the District of New Mexico, I, being an agent of SSLC, which received in the one year period beginning January 1, 2014, benefits in excess of \$10,000 under a Federal program involving a grant and other form of federal assistance, namely U.S. Department of Education Grant Funds, embezzled, stole, obtained by fraud, without authority knowingly converted to the use of a person not the rightful owner, and intentionally misapplied property worth at least \$5,000 that was owned by, and under the care, custody, and control of SSLC. By engaging in this conduct, I admit that I violated 18 U.S.C. § 666(a)(1)(A).

ii. With respect to Counts 5 through 7, beginning in or about 2007, and continuing through in or about August 2014, in Bernalillo County, in the District of New Mexico and elsewhere, I knowingly and intentionally devised a scheme and artifice to defraud the SLC schools. In executing the scheme and artifice, I misrepresented, concealed, and omitted material facts, and breached duties that I owed to the schools as an administrator and employee. For purposes of executing the scheme and artifice, I knowingly transmitted and caused to be transmitted, by means of wire, radio, and television communications in interstate commerce, writings, signs, signals, and sounds, and knowingly caused to be delivered by mail, according to the direction thereon, a matter and thing.

jj. In furtherance of the scheme, I would enter into contracts and agreements with third parties to obtain goods and services for my personal benefit. I subsequently submitted false documentation to the SLC schools, including false contracts and invoices, causing the schools to pay for the goods and services that I had obtained for my own benefit.

kk. For the purpose of executing the scheme and artifice, in Bernalillo County, in the District of New Mexico, I knowingly transmitted and caused to be transmitted, by means of wire, radio, and television communications in interstate commerce, writings, signs, signals, and sounds, or knowingly caused to be delivered by mail, according to the direction thereon, a matter and thing.

ll. Specifically, with respect to Count 5, on or about March 21, 2013, I knowingly caused the mailing of an envelope containing payments in the amount of \$2,712.45 from the SLC schools to an electrical company for work that was for my personal benefit and not for the benefit of the SLC schools. By engaging in this conduct, I admit that I violated 18

U.S.C. § 1341.

mm. Specifically, with respect to Count 6, on or about May 30, 2014, I knowingly caused SSLC to wire from SSLC's bank account in New Mexico to a bank account in Colorado an installment payment disguised as SSLC payroll that was actually used to purchase an airplane for SEC. By engaging in this conduct, I admit that I violated 18 U.S.C. § 1343.

nn. Specifically, with respect to Count 7, on or about July 23, 2014, while in New Mexico, I knowingly faxed to the owner of an airplane hangar, in Colorado, a signed hangar lease for SEC and a W-9 tax form for SLC to rent an airplane hangar for \$6,000 a year. I caused the SLC schools to pay for the hangar lease under falsified contracts stating that the owner of the airplane hangar would make a "motivational speech" to school staff, answer questions for one hour afterwards, and "assist school staff in a planning session to make Cowboy Ethics part of the 'norm' of the school." I forged the signature of the owner of the airplane hangar on these contracts. In actuality, the owner of the airplane hangar never provided any of these services for the schools. By engaging in this conduct, I admit that I violated 18 U.S.C. § 1343.

oo. With respect to Counts 8 and 9, on or about July 31, 2014, in the District of New Mexico, in a matter within the jurisdiction of the Federal Bureau of Investigation, an agency within the executive branch of the United States, I knowingly and willfully made several materially false, fictitious, and fraudulent statements and representations, knowing such statements and representations to be false, fictitious, and fraudulent, including: (1) I falsely represented that SEC did not have any involvement with the online courses offered by SSLC, when in truth and fact I knew that I was diverting nearly all the student payments for these courses to SEC's bank account;

and (2) I falsely represented that another individual started the company MLS, when in truth and fact I knew that I had created MLS as a Fictitious Firm Name of SEC and of myself, in my individual capacity, in 2004. By making these false statements to the FBI, I admit that I violated 18 U.S.C. § 1001.

10. By signing this agreement, the Defendant admits that there is a factual basis for each element of the crime(s) to which the Defendant is pleading guilty. The Defendant agrees that the Court may rely on any of these facts, as well as facts in the presentence report, to determine the Defendant's sentence, including, but not limited to, the advisory guideline offense level. The Defendant further acknowledges and agrees that, in connection with this plea or sentencing, the United States is not limited to relying upon the facts which the Defendant admitted above.

RECOMMENDATIONS

11. The United States and the Defendant recommend as follows:
- a. The Defendant and the United States have made an AGREEMENT pursuant to Federal Rule of Criminal Procedure 11(c)(1)(C), that a specific sentencing range of 48 to 63 months imprisonment is the appropriate disposition in this case. The parties further agree that there will be no fine under 18 U.S.C. § 3571. This agreement takes into account the Defendant's acceptance of responsibility, with no further reduction to occur. The Defendant agrees that any sentence within the agreed upon sentencing range is a reasonable sentence and that the parties are permitted to argue for any sentence within the agreed upon range. The remaining

components of the Defendant's sentence, including but not limited to the amounts of restitution and forfeiture, including any money judgment, as well as the length and conditions of supervised release, shall be imposed by the Court after the presentation of evidence and/or argument by the parties.

- b. If the Court accepts the plea agreement, it must inform the Defendant that the agreed upon disposition will be included in the judgment, and the Court is bound by the terms of the plea agreement once the Court accepts the plea agreement.

DEFENDANT'S ADDITIONAL AGREEMENT

12. The Defendant understands the Defendant's obligation to provide the United States Pretrial Services and Probation Office with truthful, accurate, and complete information. The Defendant represents that the Defendant has complied with and will continue to comply with this obligation.

13. Except under circumstances where the Court, either acting on its own or upon motion of the government that is not predicated upon an affirmed claim that the Defendant has violated the plea agreement, rejects this plea agreement, the Defendant agrees that, upon the Defendant's signing of this plea agreement, the facts that the Defendant has admitted under this plea agreement as set forth above, as well as any facts to which the Defendant admits in open court at the Defendant's plea hearing, shall be admissible against the Defendant under Federal Rule of Evidence 801(d)(2)(A) in any subsequent proceeding, including a criminal trial, and the Defendant expressly waives the Defendant's rights under Federal Rule of Criminal Procedure

11(f) and Federal Rule of Evidence 410 with regard to the facts the Defendant admits in conjunction with this plea agreement.

14. By signing this plea agreement, the Defendant waives the right to withdraw the Defendant's plea of guilty pursuant to Federal Rule of Criminal Procedure 11(d)(1) & (d)(2)(B). The Defendant may only withdraw the guilty plea in the event the court rejects the plea agreement pursuant to Federal Rule of Criminal Procedure 11(c)(5). Furthermore, defendant understands that if the court rejects the plea agreement, whether or not the Defendant withdraws the guilty plea, the United States is relieved of any obligation it had under the agreement and the Defendant shall be subject to prosecution for any federal, state, or local crime(s) which this agreement otherwise anticipated would be dismissed or not prosecuted.

15. The Defendant recognizes that this plea agreement has already conferred a benefit on the Defendant. Consequently, in return for the benefit conferred on the Defendant by entering into this agreement, the Defendant agrees not to seek any sentence outside the agreed upon range of 48 to 63 months imprisonment as agreed to by the parties pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure. If the Defendant, in violation of this paragraph, should nevertheless seek a sentence outside the agreed upon range, the United States shall have the right in its sole discretion to move the Court to treat this plea agreement as null and void. If the Court grants such a motion, the Defendant will thereafter be subject to prosecution for any crime that was not barred by any applicable, unwaived statute of limitations as of the date of the execution of this plea agreement.

RESTITUTION AND FORFEITURE

16. The Defendant agrees to cooperate fully with the United States Attorney's Office by making a full and complete financial disclosure. Within forty-five days of executing this agreement, the Defendant agrees to complete and sign a financial disclosure statement or affidavit disclosing all assets in which the Defendant has any interest or over which the Defendant exercises control, directly or indirectly, including those held by a spouse, nominee, or other third party, and disclosing any transfer of assets that has taken place within three years preceding the entry of this plea agreement. The Defendant will submit to an examination if requested, which may be taken under oath. Aside from reasonable living expenses, family support, and legal expenses and fees, the Defendant will not encumber, transfer, or dispose of any monies, property, or assets under the Defendant's custody or control without written approval from the United States Probation & Pretrial Services Office. The Defendant will also participate in the Bureau of Prisons Inmate Financial Responsibility Program, regardless of whether the Court specifically directs participation or imposes a schedule of payments. If the Defendant fails to make the required financial disclosure or conceals, dissipates, or transfers assets without prior approval from the United States Probation & Pretrial Services Office, the United States, in its discretion, may move to withdraw from this agreement.

17. The parties agree that, as part of the Defendant's sentence, the Court will enter an order of restitution pursuant to the Mandatory Victim's Restitution Act, 18 U.S.C. § 3663A. The Defendant agrees and acknowledges that, as part of the Defendant's sentence, the Court is not limited to ordering restitution only for the amount involved in the particular offense or offenses to which the Defendant is entering a plea of guilty, but may and should order restitution

resulting from all of the Defendant's criminal conduct related to this case. The Defendant agrees that the final restitution figure shall be determined by the Court and that any restitution ordered by the Court will be immediately payable to the United States District Court Clerk. In the event that the Court orders a schedule of restitution payments, the Defendant consents to the entry of a further term of a restitution order that provides that such schedule is merely a minimum schedule of payments. No later than July 1 of each year after sentencing, until restitution is paid in full, the Defendant shall provide the Asset Recover Unit, United States Attorney's Office, P.O. Box 607, Albuquerque, New Mexico 87103, (1) a completed and signed financial statement provided to the Defendant by the United States Attorney's Office and/or the United States Probation Office and (2) a copy of the Defendant's most recent tax returns.

18. The parties agree that the Court will determine the amount of forfeiture, including any money judgment, as alleged in the information.

19. The Defendant agrees to forfeit, and hereby forfeits, whatever interest the Defendant may have in any asset derived from or used in the commission of the offense(s) in this case ("the Subject Assets"). The Defendant agrees to cooperate fully in helping the United States (a) to locate and identify the Subject Assets and (b) to the extent possible, to obtain possession and/or ownership of all or part of the Subject Assets. The Defendant further agrees to cooperate fully in helping the United States locate, identify, and obtain possession and/or ownership of any other assets about which the Defendant may have knowledge that were derived from or used in the commission of offenses committed by other persons.

WAIVER OF APPEAL RIGHTS

20. The Defendant is aware that 28 U.S.C. § 1291 and 18 U.S.C. § 3742 afford a defendant the right to appeal a conviction and the sentence imposed. Acknowledging that, the Defendant knowingly waives the right to appeal the Defendant's convictions and any sentence imposed in conformity with this Fed. R. Crim. P. 11(c)(1)(C) plea agreement, as well as any order of restitution entered by the Court that does not exceed \$3,000,000. In addition, the Defendant agrees to waive any collateral attack to the Defendant's convictions and any sentence pursuant to 28 U.S.C. §§ 2241 or 2255, or any other extraordinary writ, except on the issue of defense counsel's ineffective assistance.

OTHER WAIVERS

21. The Defendant recognizes that this is a pre-indictment plea agreement and that he has received discovery as part of pre-indictment plea negotiations. The Defendant has also obtained significant documentation relevant to this matter from other sources, including the State of New Mexico and the SLC schools. Furthermore, the Defendant recognizes that the parties have reached an agreement as to additional pre-sentencing discovery, as memorialized in the email communication dated October 23, 2017. The Defendant therefore waives any right he may have to additional disclosures from the United States in connection with the Defendant's guilty pleas or sentencing.

GOVERNMENT'S ADDITIONAL AGREEMENT

22. Provided that the Defendant fulfills the Defendant's obligations as set out above, the United States agrees that the United States will not bring additional criminal charges against the Defendant or any current or former member of his family arising out of the facts forming the

basis of the present information.

23. This agreement is limited to the United States Attorney's Office for the District of New Mexico and does not bind any other federal, state, or local agencies or prosecuting authorities.

VOLUNTARY PLEA

24. The Defendant agrees and represents that this plea of guilty is freely and voluntarily made and is not the result of force, threats, or promises (other than the promises set forth in this agreement and any addenda). The Defendant represents that his decision to plead guilty is further not the result of the government's resolution of any potential charges that could or could not be brought against any other party. The Defendant represents that the Defendant is pleading guilty because the Defendant is in fact guilty.

VIOLATION OF PLEA AGREEMENT

25. The Defendant agrees that if the Defendant violates any provision of this agreement, the United States may move the Court to declare this agreement null and void, and the Defendant will thereafter be subject to prosecution for any criminal violation, including but not limited to any crimes or offenses contained in or related to the charges in this case, as well as perjury, false statement, obstruction of justice, and any other crime committed by the Defendant during this prosecution.

SPECIAL ASSESSMENT

26. At the time of sentencing, the Defendant will tender to the United States District Court, District of New Mexico, 333 Lomas Blvd. NW, Suite 270, Albuquerque, New Mexico

87102, a money order or certified check payable to the order of the **United States District Court** in the amount of \$900 in payment of the special penalty assessment described above.

ENTIRETY OF AGREEMENT

27. This document and any addenda are a complete statement of the agreement in this case and may not be altered unless done so in writing and signed by all parties. This agreement is effective upon signature by the Defendant and an Assistant United States Attorney.

AGREED TO AND SIGNED this 25th day of October, 2017.

JAMES D. TIERNEY
Acting United States Attorney

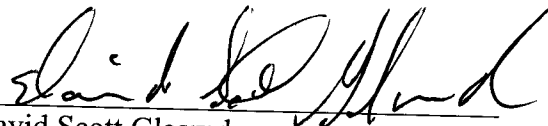
FRED J. FEDERICI
HOLLAND S. KASTRIN
Assistant United States Attorneys
Post Office Box 607
Albuquerque, New Mexico 87102
(505) 346-7274

I have carefully discussed every part of this agreement with my client. Further, I have fully advised my client of my client's rights, of possible defenses, of the sentencing factors set forth in 18 U.S.C. § 3553(a), of the relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement. In addition, I have explained to my client the elements to each offense to which he is pleading guilty. To my knowledge, my client's decision to enter into this agreement is an informed and voluntary one.

Ray Twohig
Attorney for the Defendant

Peter Schoenburg
Attorney for the Defendant

I have carefully discussed every part of this agreement with my attorneys. I understand the terms of this agreement, and I voluntarily agree to those terms. My attorneys have advised me of my rights, of possible defenses, of the sentencing factors set forth in 18 U.S.C. § 3553(a), of the relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement.

A handwritten signature in black ink, appearing to read "David Scott Glasrud", written over a horizontal line.

David Scott Glasrud
Defendant